

Town Meeting



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BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR
BROADCAST BY STATIONS OF THE AMERICAN BROADCASTING CO.

What Should the Administration Do About the High Cost of Living?

Moderator, GEORGE V. DENNY, JR.

Speakers

RALPH E. FLANDERS
HERMAN W. STEINKRAUS

HUBERT H. HUMPHREY
MARK STARR

(See also page 12)

COMING

—November 23, 1948—

Should There Be Stricter Government
Control of Lobbies?

—November 30, 1948—

Are Our Ideals Being Destroyed by the
Machine Age?

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BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR

GEORGE V. DENNY, JR., MODERATOR



NOVEMBER 16, 1948

VOL. 14, No. 29

What Should the Administration Do About the High Cost of Living?

Announcer:

Did you call your friends last week or tonight to remind them of Town Meeting? Each week more Town Meeting fans are acting as modern Town Criers on the telephone, at grocery shops, parties, and club meetings, reminding their friends, in the interest of good citizenship, to listen to Town Meeting each Tuesday night at this hour. And if you live in New York or Philadelphia you can see Town Meeting on television.

Your Town Meeting is dedicated to the advancement of an honestly informed public opinion and the subjects are selected with the help of Town Meeting listeners everywhere. So join the growing ranks of the modern Town Criers and keep your friends informed about Town Meeting topics each week.

To preside over our discussion, here is our moderator, the President of Town Hall, New York, and founder of "America's Town

Meeting of the Air," Mr. George V. Denny, Jr. (*Applause.*)

Moderator Denny:

Good evening, neighbors. Well, the campaign is over, the new Administration has been elected and we're about to get down to the business of dealing with some of the problems that will face the Administration and the new Congress when it meets in January.

One of the subjects about which President Truman talked most frequently in his campaign was the matter of high prices. What will or should the new Administration do about this subject is the question before us tonight.

May I be personal for a moment? This morning at a neighborhood grocery store here in New York, my wife paid 99 cents for a dozen of eggs, 98 cents for ground round steak, and 25 cents for a quart of milk. I won't go on with the Dennys' grocery list, and

I won't say what I'd like to say about the high price of shoes and other commodities in the family budget.

You know, as well as I do, what's happened to prices during the past few years. If you happened to buy an automobile during the past year or two, you'll be interested in the Congressional investigation now going on in Washington on this subject.

But what can or should the Government do about this problem of rising prices?

Our speakers tonight to counsel with us on this question will be a distinguished Republican United States Senator from Vermont, the Mayor of Minneapolis and Democratic Senator-elect from Minnesota, an outstanding representative of American business who is president and general manager of the Bridgeport Brass Company, and the educational director of one of the largest unions in the country, the International Ladies Garment Workers' Union.

Let's start with a word from that vigorous young man from the Middle West who has just completed a whirlwind campaign in his own state, the United States Senator-elect from Minnesota and Mayor of Minneapolis, the Honorable Hubert Humphrey. Mayor Humphrey. (*Applause.*)

Mayor Humphrey:

What should be done about prices? Well, I will tell you one

thing that we should not do and that is to sit on our hands the way that we have been doing since 1946 and let the rising cost of living take the food off the table and the clothes off the backs of millions of American families. Now should we just view with alarm the inflation that threatens to destroy every business, every farm, and every investment in our Nation?

We must act. Action by Government, action and cooperation by industry, labor, and the consumer. The inflation is a by-product of the war and of the depression that preceded it, and it cannot be checked by 19th century conservative methods.

The old-time economic religion of the N.A.M. just has not worked. The headlines tell us the sad story.

Now what shall we do? Sure we must have voluntary cooperation. We must encourage saving. We should attempt to delay commercial investment in nonproductive facilities. There must be consumer resistance to high prices. Yes, all of these things and more too.

Government must act. Senator Flanders, it seems to me that Congress must re-establish the authority to control prices. We call that "stand-by authority."

We need some price control right now, too. I mean selective price control on items that are in short supply and heavy demand. Price control where there is an

orbitant profit; where a market is being gouged.

The railroads are right now demanding a new rate increase. The railroads are claiming that in the past $31\frac{1}{2}$ months, their material costs have risen by $71\frac{1}{2}$ per cent. That's at a rate of more than 30 per cent a year. Now that sort of thing has got to be stopped now.

In other lines—shoes and some of the textiles—inflated prices that ought to be coming down are instead being kept right up at peak levels. Scarcity-minded producers are laying off men, they're cutting down production, rather than cutting their own inflated profit margins and bringing prices down where people can afford to buy.

Now that kind of thing has got to be stopped. We must tackle when the matter of shortages. Production must be increased and it can be. It can be increased by plant expansion, by tax inducements for plant expansion, by closer cooperation between labor and management.

Say, do you remember those full-page ads of the National Association of Manufacturers telling us if only the controls were abolished production would increase and shortages would disappear and prices would adjust themselves?

Now everybody knows that it hasn't worked out that way. But not everybody realizes that the reason it hasn't worked out is that the same scarcity-minded big business which fought against plant

expansion in 1941, and even in the war itself, have been fighting these past two years against stepping up productive capacity. After all, with prices that they can fix themselves, with profits at the highest in history, why expand?

Today, two years after the end of price control, the steel shortage is greater than ever. Steel prices are still rising and profits are at a dizzy height. Small business is forced to pay grey market prices. The production of building materials, railroad equipment, prefabricated homes, pipelines, and a host of other critically needed items is being choked off by the bottleneck in steel.

Now, Mr. Steinkraus, I think you remember back in 1941. We faced exactly the same production problem and we licked it by government action. We used a compound of tax inducement on the one hand and government pressure on the other. Now we've got to lick it again the same way today.

Whether it's in steel or in electric power, or any other industry that there is a bottleneck, whether the expansion is achieved by private investment with government encouragement or by direct public development, or by trust busting, one way or another, we must break the shackles that are constricting the American economy—holding down production and keeping up prices. We did it before and I think we can do it again.

What to do then about rising

prices? The American people, on November 2, gave us the orders. They want the Government of the United States to take action and to take it now. I thank you. (*Applause.*)

Moderator Denny:

Thank you, Mayor Humphrey. Our next speaker is a distinguished economist in his own right, or was before he was elected to the United States Senate where he was promptly put on the Senate Banking and Currency Committee. I take pleasure in presenting now the Honorable Ralph E. Flanders, Republican Senator from the State of Vermont. Senator Flanders. (*Applause.*)

Senator Flanders:

Thank you, Mr. Denny. The subject assigned is, "What would the winning party do about the high cost of living?" I do not belong to the winning party, but I am glad to give Mayor and Senator-elect Humphrey and his associates good minority advice. (*Laughter.*)

I'm sure Mayor Humphrey will agree that prices rise when there is more money ready to buy things than there are things to buy.

There are few people who are willing to believe that they are causing inflation by an oversupply of money, yet the figures show that a large segment of the population has improved its purchasing power over prewar conditions.

There is another large segment

of the population which has fallen behind. This includes the lower paid groups of the white-collar workers; employees of local, state and federal governments, in general; preachers and religious workers of all kinds; social workers; employees of charitable institutions; recipients of pensions and retirement salaries; and all those who, through work and thrift, had laid aside, so they thought, enough money to keep them in comfort for their declining years.

There are millions of these people and it is these millions who in the end will probably bring the long expected slump in price production, and employment through the progressive failure of their purchasing power.

To cure inflation, we can increase production or decrease purchasing power. Increase of production is limited by the fact that we cannot put many more people to work since we have practically full employment now. When Mayor Humphrey now, or the National Association of Manufacturers earlier, assumed that increased production is easy, they forgot full employment. I'm sorry to see Mayor Humphrey falling into the same trap with the National Association of Manufacturers. (*Laughter.*)

Production is likewise limited by the 40-hour week. The production records run up from '41 on were not done on the 40-hour week

The workmen themselves are preferring leisure to having more things to buy at a lesser price.

Mr. Starr, I believe that they should be allowed to determine their choice in this matter, but they must know what they are choosing.

Improved management and employee relations leading to higher output per worker hour will help.

Finally, we must revive the means by which our standard of living has been raised for generations past and largely within the industrial experience of Mr. Steinraus and myself. We must accelerate invention, building, installation, and use of labor-saving equipment. The new Administration must devise tax policies which will channel profits into this time-tested means of increasing production.

Finally, we must remember that it is goods we consume—not dollars.

So much for increasing the goods to be bought. How about decreasing the supply of money to buy the goods with? The Government must move with caution here to avoid unemployment. To keep prices in line without unemployment is our objective.

Lastly, we need more statesmanship in business management and organized labor. We need restraint in asking for higher wages on the part of those groups who are faring better as compared with pre-

war years and as compared with other workers.

The employer should accept the responsibility that goes with high profits. There are many cases in which these profits should be distributed through lower prices, higher wages, or both. The continuous tail-chasing of higher wages and higher profits constitutes neither labor nor business statesmanship.

The Government can make a contribution here by a congressional investigation of business profits. Except for this investigation, this solution very largely lies outside the hands of Government. Let labor, business and Government each play their parts. (*Applause.*)

Moderator Denny:

Thank you, Senator Flanders. Our next speaker is the educational director of one of the largest unions in the country, the International Ladies Garment Workers Union. He was a member of the President's Committee on Higher Education when it existed, and is a trustee of Town Hall, New York. We are very happy to welcome to this platform, Mr. Mark Starr. (*Applause.*)

Mr. Starr:

The last time I had the honor of appearing on the Town Hall of the Air, it was to hear Senator Ball say that the people of this country favored Taft-Hartley. Poor

Joe, he knows better now and Senator-elect Humphrey, who retired him, is here tonight. (*Applause.*) Congratulations, Hubert, carry on that fight you so well began in Philadelphia for civil rights. (*Applause.*)

Also help up to keep prices from going up into the stratosphere, because next to the repeal of Taft-Hartley, the high cost of living demands attention from President Truman, the 81st Congress, and, indeed, from all of us—25 cent milk, 95 cent eggs, \$1 a pound meat—how the heck can poor folk eat?

President Truman in his speeches did refer to runaway prices and to the current all-time peak profits. Statistics were on his side and also, on November 2, the majority of the people of the United States of America.

The popular fallacy is that high wages have caused high prices. The facts are that, except for a few months in the spring of 1946, the average factory worker's weekly pay has fallen steadily behind in the race against prices.

Because union wages rose more than the average, most union members have just about managed to break even, and, so are better off than the receivers of those fixed incomes referred to by Senator Flanders just now.

Most of the living cost increase has been due to food prices which rose 54 per cent from August, 1945 to August, 1948, and food

costs account for almost half the worker's budget.

If unions had not asked for wage increases, their members would not now be able to pass their bills. That is why unions may be compelled to talk about the fourth round of wage increases. That is why that forty cent minimum wage of 1938 sounds perfectly ridiculous and needs elevation to at least 75 cents now.

In spite of all wage increases won since the war, the cost to industry of its total wage and salary bill today takes a smaller part of the market value of its products than in 1939, leaving a larger part to go to owners and investors in profits. Labor has produced more and received relatively less. Those are the facts.

Industrial managements have, in general, set prices much higher than necessary to cover the cost of high wages, and this has left a larger proportion each year to go to profits, and accounts for what the *Wall Street Journal* itself describes as an upward surge in profits for industry as a whole.

Take a rayon dress which in 1939 costs \$7.87; it will now cost you \$14.90. In this increase, labor costs have gone from \$1.17 to \$1.53; materials from \$2.00 to \$4.41; overhead profit \$1.58 to \$2.87, and the retailers' mark-up from \$3.12 to \$5.99.

The Government, therefore, in my opinion, should make public the relations between high profits

and high prices. Apply controls to strategic and basic commodities and services until they are in adequate supply. Use credit control and allocations to this end; revive subsidies to keep prices down as the Farmers' Union proposed and, meanwhile, appeal to the public to cooperate against any possible black market, and expose any attempt to hold back supplies.

Our citizens here can surely be as honest as their fellows in Canada, Britain, and in Scandinavia. Maybe price wardens like the war-time air-raid wardens should be organized. There is a peace yet to be won.

Taxes on excessive profits, and investigation of monopoly prices and profits should also be applied. Why should not management, as the A. F. of L. proposes, bring unions into consultation to cut costs, to let the workers share in increased productivity, and stop the dangerous spiral which will otherwise compel the organized workers to push for increased wages?

Let Senator Flanders tell Mr. Little and his gypsy watered capital kind that New England doesn't want any more Nashuas.

Let Mr. Steinkraus get into a muddle with Federal Local A. F. of L. 24411 in Bridgeport Brass and give us some good examples. (Applause.)

Moderator Denny:

Thank you, Mark Starr. Our

fourth speaker, Mr. Steinkraus, is one of America's leading businessmen who is never afraid to speak his mind courageously and convincingly on public questions. Incidentally, Mr. Steinkraus, a delegation of your fellow townsmen from Bridgeport is here in Town Hall with us tonight and the text of this program will be the main feature of a labor management supplement to be published next Sunday by the *Bridgeport Herald*.

We're happy to welcome back to Town Hall the president and general manager of the Bridgeport Brass Company, of Bridgeport, Connecticut, Mr. Herman Steinkraus. (Applause.)

Mr. Steinkraus:

Thank you, Mr. Denny. I believe this problem is much more complex than Mr. Starr's analysis indicates. The fact is that high wages, high taxes, high profits, a huge federal budget, cheap money, foreign relief, low production have all been factors of this high cost of living.

Neither labor, industry, Government, the farmers, nor the consumers are singly responsible. Yet each of these groups and every single individual of us here tonight are affected and must do our part to help bring prices down.

As for price control, frankly, Mr. Humphrey, I do not think it would solve the problem, nor did Chester Bowles last winter when

asked by members of the Joint Committee on the President's Economic Report. He said it worked in wartime, the time Mayor Humphrey refers to, but he did not believe it would work effectively in peacetime.

At best, price control is a stop-gap and never touches the underlying cause. It is like clamping a lid on top of a pot of boiling water, instead of turning off the fire. A start on price controls leads only to more and more controls of both prices and wages with inevitable black markets and racketeering.

There are some things which our Government can do itself and immediately.

First of all, there is a desperate need for the Government to practice more economy in its own operation. (*Applause.*) Our government spending is ten times greater than it was 16 years ago, although our national income has only increased five times. Our national debt has shot sky high. We've got to balance our national budget in all years, all good years, and not just once in 16 years. Our Government must live within its income just as you and I and every other taxpayer have to do. This exorbitant spending comes right back to you and me in higher taxes and higher prices.

The second thing the Government must do is to reverse the expansion of bank credit by using the controls already in the hands

of the President to stabilize our money, as Senator Flanders has referred to. Many of these easy policies, these easy money policies were set up at a time when postwar depression was expected, you remember. The depression did not materialize, but the cheap money which was intended as counter-balance has aggravated our present situation. Today our dollar is worth only 42 cents. Cheap money means high prices.

As to how the Government can encourage greater production, just want to add this to what Senator Flanders has already said. The Government should also discourage anything that holds up production. Let them discourage strikes and work stoppages by encouraging labor and management cooperation.

No matter what you may think about strikes, there is one undisputed fact about them. When a strike is called, everything stops—there is no production. It is a costly loss to everybody—to laborers, management, and to the public. It is a loss that ends in higher prices.

Finally, the Government should organize, I believe, a campaign of information to tell the consumer what he can do as an individual to help bring prices down. Develop a program of cooperation through the radio, the press, and other agencies, urging all groups to do their individual part to save, spend wisely, and to produce more

Such a campaign of joint voluntary action helped us to win the war. It should certainly be tried in this fight against the high cost of living.

Now the last election campaign, which has just finished, had many promises made. The new Administration is pledged to double expenditures on social security, to maintain or raise present farm prices, to encourage higher wages, to increase the minimum wages, to spend more on national defense, and so forth.

Some of these things may be desirable, but we cannot deny that this costs money and the only source of that money is out of your pocket and mine.

So since the high cost of living is the No. 1 problem in this country today, we must economize. We must win this battle both for our own sake and for the sake of the rest of the world. Thank you. *(Applause.)*

Moderator Denny:

Thank you, Mr. Steinkraus. Now it is in order to have a little discussion up here around the microphone, before we take the questions from the audience. Gentlemen, will you come up here and start the discussion? How about Mr. Humphrey, we haven't heard from him for a while. How about it, Mr. Mayor?

Mayor Humphrey: Thank you, Mr. Denny. Yes, I have a couple of questions. I'll start out with

our friend, Mr. Steinkraus. I'd just like to get it quite clear in your mind, Mr. Steinkraus, that Hubert Humphrey is not advocating price control authority, and I said price control authority, as a panacea.

I'd like to make a comparison here. If a member of your family is ill, suffering from a high fever, and, believe me, the inflation and high prices are plenty high fever, one of the first things that you'd do would be to try to make that patient a little bit comfortable.

Oftentimes, a medicinal product, such as an aspirin, or some kind of an analgesic, is used in order to soothe the patient, in order to hold the fever at ebb, or, at least, in control, and then you apply the penicillin or whatever other medical treatment may be advisable.

Now, you see the difference between Mr. Steinkraus and myself is, he wants the patient to suffer. He is of the opinion, for example, that bank credit controls are good. So am I. We already have it.

He is of the opinion that consumer credit control is good. So am I. He's against strikes. I don't like strikes either. He's for consumer education. So am I.

But, Mr. Steinkraus, I want to ask you something. What are you going to do about the glaring fact that the food prices are up despite the fact that farmers' prices are going down? What are you going to do about the 74 per cent increase in corporation profits?

What are you going to do about the fact that real wages are running behind the cost of living,

profits are getting ahead of wages and prices are sky high, and nobody can deny it. How long must

THE SPEAKERS' COLUMN

HERMAN W. STEINKRAUS—Mr. Steinkraus was born in Cleveland, Ohio, and received his college training at Western Reserve University in that city. During World War I he was captain and was decorated with the Distinguished Service Cross. From 1919 to 1924 he was an executive with the Osborn Manufacturing Company. The next four years he operated his own metal and chemical business. Then he became vice president in charge of sales for the Bridgeport Brass Company. In 1941 he was made vice president and general manager and since 1942 has been president and general manager.

A director of the U.S. Chamber of Commerce, Mr. Steinkraus is also a member of President Truman's Labor Relations Committee. He is president of the Bridgeport Engravers Supply Company, and a director of the Carter Corporation, the First National Bank & Trust Company, and the Bridgeport Hydraulic Company. He is chairman of the board of finance of the Town of Westport, Conn., and chairman of the postwar planning council of Bridgeport, as well as a member of many industrial, commercial, and social organizations.

MARK STARR—Mr. Starr was born in 1894 in Shoscombe, Somersetshire, England. He was graduated from London Labour College in 1920. In 1928, he came to the United States where he became a naturalized citizen in 1937.

At the age of 13, he was a builder's mortar boy. From 1908 until 1915, he worked as a coal miner. After his graduation from college, he taught economics and social history for the South Wales Miners Federation. Then he taught Esperanto for the London County Council.

From 1921 to 1928, Mr. Starr was divisional organizer and lecturer for the National Council of Labour Colleges of England. After coming to the United States, Mr. Starr taught British labor history and economics at Brookwood Labor College at Katonah, N.Y., from 1928 to 1933, and was extension director in 1934. Since 1935, he has been educational director of the International Ladies' Garment Workers Union.

Mr. Starr has written several books on labor problems. He is a member of the President's Committee on Higher Education and a member of the U. S. Advisory Commission on Educational Exchange.

HUBERT H. HUMPHREY—Elected to the Senate from Minnesota, Mr. Humphrey

is at present Mayor of Minneapolis and one of the youngest men ever to hold that office. Born in Wallace, South Dakota, in 1911, he studied for a year at the Denver College of Pharmacy and was a pharmacist with the Humphrey Drug Co., in Huron, South Dakota, for four years. Enrolling at the University of Minnesota, he received an A.B. degree in 1939. He became an assistant instructor of political science at the University of Louisiana, and also studied for a Master's degree which he received in 1940.

After a year of teaching at the University of Minnesota, Mr. Humphrey became a member of the administrative staff of W.P.A. and later was head of the state division. He was assistant state supervisor of adult education and assistant regional director of the War Manpower Commission. He has taught political science at Macalester College in St. Paul.

In 1945, Mr. Humphrey became Mayor of Minneapolis and was also chosen Outstanding Young Man of the State. He has been active in politics and in many fields of civic betterment.

RALPH E. FLANDERS—A Republican from Vermont, Senator Flanders is a member of the Senate Banking and Currency Committee and a member of the Joint House and Senate Committee on the President's Economic Report. Born in Barnet, Vt., in 1880, he is a graduate of the high school of Central Falls, Rhode Island, and the International Correspondence Schools. He also has an M.A. from Dartmouth; an M.E. from Stevens Institute; and D.Sc. from Middlebury College, Rose Polytechnical Institute, the University of Vermont, Norwich University, and Northwestern University.

Serving as an apprentice machinist and draftsman, Senator Flanders became a designer with the International Paper Box Machinery Co. From 1905 to 1910, he was editor of *Machinery*. In 1910 he became an engineer with the Fellows Gear Shaper Co. Two years later, he became director and manager of Jones & Lamson Co. of which he has been president since 1933. He is also an executive in several other companies.

In 1946, Senator Flanders was elected to his seat in the Senate, but before that he had been a member of numerous government commissions and boards. He is the author of several books and many technical articles.

America suffer, and what are we to do? (*Applause.*)

Mr. Denny: Thank you. Mr. Steinkraus, can you answer that machine-gun attack in about one minute? (*Laughter.*)

Mr. Steinkraus: Mr. Humphrey, I am glad that there are some things on which you and I agree and I'm glad that you carry those ideas to Washington, but I think your solution is not nearly as clear as your analysis of the problem.

The problem is certainly there—high wages, high taxes, high profits—all of these things. But as far as the solution, your only solution is price control, or some kind of a price control, which we certainly have tried, and you ladies and you gentlemen know what black markets and everything else we had during that time—theoretical low prices, but actually no goods.

What we want is goods and low prices, both. That is something that the American people can do together, but they cannot be forced to do by any price control that's ever been tried here or anywhere else in the history of the world. (*Applause.*)

Mr. Denny: All right. Mr. Mayor?

Mayor Humphrey: Just a quick answer; I want to correct the record. I know Mr. Steinkraus and I do not want to be arguing about different things that are not in the record. I said that the solution to high prices was increased produc-

tion and during the meantime you had to apply price control authority in those areas where there were exorbitant prices, exorbitant profits, and gouging of the market.

I said very specifically that production must be stepped up. I used the example of steel. I mentioned that where there is the greatest amount of monopoly there is also the greatest amount, let me say, of price increase.

Now, Mr. Steinkraus, how would you recommend the increasing of production? During the war, we did it with government help and government action, and it didn't hurt industry. Industry came out of the war strong, rich, powerful. I'm offering her the same chance, but I want to help the American people in the whole deal that we're giving out here as a means of solution. (*Applause.*)

Mr. Denny: Mr. Steinkraus, will you defer to Senator Flanders on that?

Senator Flanders: I'd just like to make a quick reply to Mayor Humphrey. Unfortunately, we did it during the war with a 60-hour week. Let's not forget that. (*Applause.*) Now, I would like to ask this question of Mayor Humphrey. He said something about farm prices are going down. I wonder whether he subscribes to the proposal of the incoming chairman of the Agricultural Committee of the House, who proposes to replace the new Aiken-Hope Bill by the old plan of full price

support in times of bumper crop production.

In other words, you're going to get no relief on the price of potatoes. You're going to have bumper crops. You're going to pay scarcity prices for them, and they're going to be sold for 20 cents a bushel for feeding hogs.

Mr. Denny: All right, Mayor Humphrey, go ahead, but I want to get Mr. Starr in on this pretty quick.

Mayor Humphrey: Let Mr. Starr go, and I'll wait here.

Mr. Denny: Mr. Starr, all right.

Mr. Starr: I don't know whether price control is aspirin or penicillin. I do know that it was necessary at certain stages, and the people who think that the war is entirely forgotten and there are no emergencies which our Nation should shoulder, I think, are not really evaluating the situation correctly.

Both our internal and our external responsibility involve a discipline and a high spirit of citizenship which, I think, will be as high or should be as high as it was during the war. Further, in my paper, I tried to suggest that instead of price control, or as an alternative method to it, we should go back to subsidizing. Put subsidies in, let prices be determined by supply and demand, and subsidize possible losses of the high-cost producer. That has kept prices down in Canada and in Great Britain. It might very well be applied here

and both the farmers' union and a number of economists are in favor of that at the present time.

I think that is in part a reply to Senator Flanders' suggestion that there is nothing we can do about it.

Mr. Denny: Thank you, Mr. Steinkraus, do you want to get in here?

Mr. Steinkraus: Mr. Denny, I'd just like to say to Senator-elect Humphrey, that when he gets down to Washington, one of the questions that he should be raising is what can the Government do to cut the high cost of living? Do some of these promises which have been made by Mr. Truman and other candidates of higher wages, higher pensions, higher everything, are those going to help the cost of living?

I'd like to ask Mr. Humphrey particularly, "Will the Government favor a fourth round of wage increases?" Will that help the high cost of living? Will that help reduce the cost of living? I'd like to know that, because we're facing that situation in America today. We have got to stop higher costs if we're going to get anywhere. We've got to stop them first, and then maybe we can do something to reduce them.

Mr. Denny: Thank you. All right, Mr. Mayor.

Mayor Humphrey: Well, it would seem that I am accepting a few darts here tonight. But first of all, I'd like to say a word on

two about Senator Flanders' argument about the 40-hour week and the price-support program. Now, our distinguished friend and Senator, may I say that there is nothing in the law that prevents a worker from working more than 40 hours a week. Let's not confuse the issue one bit.

A worker can work 80 hours a week if he can stand it physically. All that is required is that the employer pay time and a half for overtime — that's all that's required. I might point out that for an increase of approximately one and two-tenths per cent on wages, at say \$1 an hour, for an additional four hours a week, production goes up 10 per cent.

If the American management wants more work-week, or longer hours, they can get it. All they have to do is pay for it, and they can even absorb it.

Now about the price-support program. Let me just say this: As far as the farmer is concerned, just because we have had a few bumper crops, having lived out in the plains of Dakota and in the fine wheat and the fine fields of Minnesota, I have seen the days when we didn't have bumper crops. There are very few surpluses left around in America. I am for that price-support program and that Stigler amendment program with no ifs and ands about it.

I want it quite clear that the food costs that my friends in New York City are paying today are

not in one iota, with the exception of one commodity, due to price support. That one commodity is potatoes, and the potato production was something that this Government fostered for war, to get alcohol, so that we could have munitions. Believe me that's a part of the war debt, and you can pay a little war debt to the farmer just as well as you can to the U. S. Steel, as far as Hubert Humphrey is concerned. (*Applause.*)

I just want to finish up here on my friend, Mr. Steinkraus, because I gather that he wants to talk about wages.

Mr. Denny: Why don't you hold that a minute and let the Senator answer what you've just said, and then we'll come back to you.

Senator Flanders: With regard to that agricultural program, I do not believe that Mayor Humphrey will stand by the position of giving maximum price support to bumper crops. I am with him in giving maximum price support to crop failures, or to low crops, but I certainly am not with him, nor are you, in paying the highest price supports for bumper crops, because that is going to affect you, as it has in potatoes. (*Applause.*)

Mr. Denny: Senator Flanders, while you're here at this microphone, may I ask you to clarify just what this price support program does in a specific commodity — just how it supports prices.

Senator Flanders: I'm talking now about the Hope-Aiken Bill,

which is a peacetime price-support bill, not a wartime price-support bill. The Aiken-Hope or Hope-Aiken—I say Aiken-Hope because Senator Aiken is my senior colleague in the Senate—proposes this and it is enacted into law that there is a sliding scale of price support. When you have a bumper crop, you have a minimum scale of price-support, and when you have a small crop, you have a maximum scale of price support. That is a solid, sensible, peacetime, farm price-support program.

Mayor Humphrey also indicated that anybody could work 80 hours a week who wanted to provided his employer paid him the regulation half time. Of course, what we're talking about is increased production and lower prices. Now, paying time and a half does not mean lower prices in most industries. I could go into the relationship between fixed expenses and production expenses *ad infinitum* and *ad nauseum* but just let me say that in general and for most industries time and a half will not reduce the price of the product.

Mr. Denny: Thank you. Mr. Steinkraus?

Mr. Steinkraus: Mr. Denny, I'd just like to get us back to the subject. As you introduced the subject, it was, "What Should the Government Do To Help Reduce the High Cost of Living?" Now Mayor Humphrey and the rest of us have been getting a little far

off that subject. The Joint Congressional Committee on Economic Report to the President has said the prime number one reason for the high cost of living is the high cost of government. I have not heard Mr. Humphrey say anything about that. Let's stick to this subject, "What Can or Should Our Government Do About the High Cost of Living?" and it's the first reason for the high cost of living.

Mr. Denny: Thank you. Mr. Humphrey, you may have the final word here before we go into the question period.

Mayor Humphrey: I will just accept the argument as stated by Mr. Steinkraus and say this, that a Joint Congressional Committee may say that one of the reasons for the high cost of living is the high cost of government, but the impartial, objective, neutral, non-political, non-partisan Council of Economic Advisors as set up under the Full Employment Act of 1946 does not say that. It does not say that at all. (*Applause.*) It points to profits. It points to scarcities. It points, if you please to the misuse of American materials. I think there's been a program that was offered by that non-partisan and non-political group of economic advisors.

Just a final word that I'd like to say about economy in government. I want my friend, Mr. Steinkraus to tell me where in particular—not these generalities—but where do you want economy

in government? In the Veterans' Administration? On the European Recovery Program? We're already paying off on the debt. You can't have any more economy on the interest—that's a fixed charge. What one of the programs, what group of that 15 per cent of the budget that's left over after you've got the war debt, the interest, national defense, and the Veterans' Administration and GI benefits, what, out of that other 15 per cent that's left over, Mr. Steinkraus, would you reduce? Old Age Pensions? (*Applause.*)

Mr. Denny: All right. We'll give Mr. Steinkraus time to answer that in just a minute. Now, while we get ready for our question period, I'm sure that you, our listeners, will be interested in the following message.

Announcer: You are listening to the 534th broadcast of America's Town Meeting originating tonight in Town Hall, New York. For your convenience, Town Hall prints each week a complete text of each Town Meeting, including the questions and answers to follow in the Town Meeting Bulletin. Copies of tonight's program, as well as past and future programs, may be secured by writing to Town Hall, New York 18, New

York, enclosing 10c to cover the cost of printing and mailing. You should allow at least two weeks for delivery. If you would like to subscribe to the Bulletin for six months, enclose \$2.35, or for a year send \$4.50. Or if you would like a trial subscription, enclose \$1.00 for eleven issues.

The question period which follows is completely spontaneous and unrehearsed. In order to discard irrelevant and useless questions, members of the audience are asked to write their questions of twenty-five words on a card and send them back to an Assistant Moderator by one of the ushers. If the question is approved, the usher returns it and during the question period the questioner holds up one, two, three or four fingers to indicate to the moderator the person to whom his question is directed. This is to keep from having too many questions for the same person. Mr. Denny is now spotting two or three members of the audience to begin the question period and the big parabolic microphone on either side of the stage and the television cameras are being trained on the first questioner. Now for our question period, we return you to Mr. Denny.

QUESTIONS, PLEASE!

Mr. Denny: Now we are ready for the question period. This gentleman on the front row.

Man: I'd like to address my question to Mr. Steinkraus. I'd like to know your reason why the N.A.M. failed to live up to its promise in 1946 that if price controls were lifted, lower prices would result.

Mr. Steinkraus: I certainly would not stand here to try to answer for the N.A.M.'s failure to have correctly analyzed the problem. I think that many statements have been made, not only by the N.A.M. but by our Government, of things that didn't work out the way they intended. I think that it's pretty hard to know just what the right answer is. We know that the fundamental law of supply and demand still operates, but sometimes, when you have full employment, it operates much slower. I think it was a very ill-advised campaign myself.

Mr. Denny: All right. Thank you. The gentleman right here in the middle of the hall.

Man: Senator Flanders. Don't you think that we should have an excess profit tax on the food monopoly such as the beef trust?

Senator Flanders: That's an interesting question to ask. When we were having our price investigations last year, the published figures of the beef packers, which showed enormous profits in the

aggregate, indicated that they took about two cents out of the customer's dollar, and that if they gave up all their profits into reducing prices that the customer would have gotten 98 cent beef instead of dollar beef.

Mr. Denny: Thank you. The lady in the blue hat. Yes?

Lady: Senator Hubert Humphrey.

Mr. Denny: Senator Humphrey. All right. She'll make you a Senator before you get down there. *(Laughter.)*

Lady: Senator-elect. A reduction of prices means a reduction of corporation profits and, therefore, government tax income. How is this possible while we spend billions for re-armament?

Mayor Humphrey: A reduction—I didn't get the question.

Mr. Denny: No, I just—would you repeat that?

Lady: Well, the government is spending billions for re-armament. How can we reduce prices and, therefore, corporation profits which in turn reduce tax income?

Mayor Humphrey: Well, as a matter of fact, the items that we buy for national defense and for European recovery are items that are bought on the American market, in the main. As a matter of fact, high prices and inflation is literally crippling in some aspects our European Recovery Program, and is increasing the cost of

national defense. So by controlling prices and by holding prices down, actually what you do is to cut down the cost of government, and you also cut down the necessity for any increased taxes. I won't say any necessity, but it has a levelling effect, because prices and taxes go up and down together on that program. (*Applause.*)

Mr. Denny: Thank you, Mr. Humphrey, but I don't think we called on Mr. Steinkraus to answer the question which you asked just at the close of the discussion period. Mr. Steinkraus, are you ready to answer the question that the Senator-elect asked you? He asked you one in particular—what place in government would you begin with your economy. It's my fault that I didn't bring you up here sooner. (*Applause.*)

Mr. Steinkraus: In the first place, I'd like to say it's a pretty sad situation, Mayor Humphrey, if a newly-elected Senator doesn't know where we can cut the cost of government. (*Applause.*) I'm afraid you laid yourself open for that one! But certainly there are a great many recommendations, including a great many by the economic advisers of the President, whom you refer to, who have made some of the suggestions for cutting down certain bureaus, overlapping bureaus by the hundreds, by the thousands. (*Applause.*) It doesn't take a brilliant man to know where the Government can save a lot of money. You all know that yourselves. I

don't have to tell you. (*Applause.*)

Mr. Denny: Thank you. Mr. Mayor, come along. You want to comment on that? Now's your chance to take the ball right back.

Mayor Humphrey: Thank you. I would just like to say this. It always intrigues me to find a businessman who is terrifically interested in cutting down the cost of Government. While the population of the Nation goes up, the requirements for defense go up, prices go up. Always cut down the cost of government, but never cut prices. Don't ever cut any prices—never do that.

Then when we finally get the argument, we find out that there are hundreds of bureaus. Everybody knows that you can cut the cost of government. All right, where do you cut it? I want to hear specifically. (*Applause.*)

I've been the Mayor of a city of about half a million people and I always have these curbstone tax experts, that always know where to cut the cost of government, until they get in the government, or until they're hired to make a survey of government, and then they come and give this kind of report, that you've got to spend more to get better services. That's the report. (*Applause.*)

Mr. Denny: All right. Come along, Mr. Steinkraus. You're at bat again.

Mr. Steinkraus: Well, Mayor Humphrey, you're going to find out

in the next few days a great many places where you can save in this Government and it will be from somebody that's an expert. That is ex-President Hoover and the various commissions under him. (*Shouts and applause.*) And, boy, when you get that, you'll know where to make some savings, and if you don't make them, the American people are going to be sadly disappointed.

Mr. Denny: All right. Thank you. Senator Flanders wants to get in on this now. Yes, sir?

Senator Flanders: Yes, this is too good to miss out on. (*Laughter.*) The incoming Senator from Minnesota has avoided one element in the question between himself and Mr. Steinkraus, and that is that his candidate and his party and, without doubt, himself, proposes to enormously increase government spending and, at the same time, promises lower prices. They don't promise lower taxes but higher taxes are going to get into prices just as sure as God made little potatoes (*laughter*)—just as sure as God made little potatoes and the Democratic Administration sells them for 20 cents a bushel to feed hogs on. (*Laughter and applause.*)

We cannot merely stop the expansion of government expenditures, but we can cut them down. Our defense program is just lousy with inefficiency. That is one of the places where we are going to cut down without cutting down any

measure of defense whatsoever. (*Applause.*)

Mr. Denny: Thank you. I don't want to deny you the microphone, Mr. Mayor, if you want to speak, but let's get some more of these questions from the audience. All right.

Mr. Humphrey: I just wanted to offer one thing. Since we've injected a bit of politics, tonight, I might say that I recall when ex-President Hoover not only cut down the cost of government. I can recall when the whole economy was almost cut down. (*Laughter and applause.*)

I would also like to remind Mr. Steinkraus, and say in all courtesy and in the best friendly spirit that I can, that if the defense program is so bad, and if the costs of government are so exorbitant, I recall that for two quite long and dreary years, the opposition party was in complete control of the Ways and Means Committee; it was in complete control of the Senate Appropriations Committee; it was in complete control of the purse strings of the American government. Now, if this cost of government is so burdensome, well then, believe me, both of the political parties have been sort of ringing around the rose here in giving false statements and false promises.

I just end up by simply saying that to the best of it that I can see is that if we need these new services, and we need some of

them, there's a way to pay for them. I can figure out one way to pay for them—an excess profits tax (*applause*) upon American corporations that this year, according to the estimates of the November letter of the City National Bank of New York—this fine city—the net profits of American corporations this year will be over 21 billion dollars net. (*Applause.*)

Now, don't tell me that they couldn't shave off two or three billion dollars to help the veteran in a housing program and the old age recipients (*applause*) without going bankrupt, because I believe they ought to make a profit. Now if they get 18 billion they ought to be able to get by, don't you think, for a year or two. (*Applause.*)

Mr. Denny: All right, gentlemen. You tossed that ball around pretty well. Here's a gentleman down in the third row who's been standing here eagerly waiting to ask a question of Mr. Mark Starr. Yes, sir.

Man: Mr. Starr, I'd like to ask you, instead of asking for another wage increase which only forces prices higher, why doesn't labor insist on lower food costs which would give their earnings greater purchasing power?

Mr. Starr: In the first place, I suggested that wage increases are not the cause of higher prices, and hence, the first part of your question doesn't arise, and in the second place, labor has consistently

sought and is insisting at the present time on an extension of control to effectively keep down the cost of living not only for the organized workers but for the community as a whole. (*Applause.*)

Mr. Denny: Thank you. Here's a young lady and, well, she's a lovely brunette with a dark blue or black blouse. Yes?

Lady: Mayor Humphrey.

Mr. Denny: Mayor Humphrey. (*Laughter.*) I think he's pleased by the looks of the questioner.

Lady: Do you feel that repealing the Taft-Hartley law would effect a change in high prices, besides effecting a change in labor wages and privileges?

Mayor Humphrey: Well, I would just as soon debate the Taft-Hartley law on another program, if Mr. Denny will let me on, but I don't really think it directly applies to the high cost of living. It applies only in the sense of labor-management relations, it applies on the basis that Mr. Steinkraus brought it in, of solid employer-employee relationships. I have been one of those persons that believed that it did not improve employer-employee relationships.

Mr. Denny: Thank you. Now the gentleman way over here on the other side of the hall who has a question for Mr. Steinkraus. Yes, sir?

Man: Mr. Steinkraus. Rent controls have been a great aid in keep-

ing down one segment in the cost of living for the lower income groups. Do you favor its extension?

Mr. Denny: Do you favor extension of rent control?

Mr. Steinkraus: I think rent control is in a different class than almost any other item, and certainly I favor rent control until we get out of this particular difficulty we're in. However, I think that rent controls ought to be a little more flexible because there are some injustices being done and it may actually be deferring some building going on.

Mr. Denny: Thank you. We have time for one more question, very briefly.

Man: Mr. Starr. You said before that while labor didn't get the raises they asked for, if the wages were kept low and they couldn't pay for the higher cost goods, wouldn't that automatically bring the prices down?

Mr. Starr: I don't see that if the workers worked for nothing at all it might, as logically, bring prices down. In a seller's market, under the present situation, they'll sell for as high prices as possible. I would suggest that anybody who wants to see how labor-management cooperation and how productivity can be increased would go back and see what is happening in certain industries at the present time with labor cooperation management.

Look at the study that the Na-

tional Planning Association is making on the causes of industrial peace and in industries where management and labor have increased productivity. Wages have gone up, and prices have gone down. That I think is your ideal set up.

Mr. Denny: Thank you, Mr. Starr. Now, while our speakers prepare their summaries for tonight's question, here's a special message of interest to you.

Announcer: A favorite question asked by Town Meeting listeners as they consider the many problems before us in a democracy is "But what can I do?" Mr. Denny has prepared a brief twelve-point answer to this question in a small, pocket-sized pamphlet called *What Can You Do?* There have been so many demands for this pamphlet that a second edition has just been printed.

You may secure your copy by sending 10c to Town Hall, New York 18, New York, asking for the pamphlet by Mr. Denny, entitled, *What Can You Do?* It tells you how you can be an active citizen, how you can play your part in making this democracy of ours work and you can read it in less than ten minutes.

Now for the summaries of tonight's discussion, here is Mr. Denny.

Mr. Denny: Here first is Mr. Herman Steinkraus.

Mr. Steinkraus: I wish I'd had enough time to answer all these many arguments that Mr. Hum-

phrey and I got into, but we don't have time and I just want to say this in conclusion. We're all deeply affected by this high cost of living, so let's face it and lick it together. Each of us must do our own share. Our Government can reduce its budget tremendously if different groups of citizens don't demand so much from it.

I want to remind you all of this thing: This is not a Democratic problem, or a Republican problem. It's the No. 1 American problem. Let's solve it in the American way of teaming up together, without recrimination, but with the tremendous energy all of us possess. Thank you. (*Applause.*)

Mr. Denny: Thank you. And now Mr. Mark Starr, please. Mr. Starr.

Mr. Starr: When we were warming up on these talks, there was one thing we agreed about and that was that the Government should institute an investigation of relationship between high prices and high profits. There was one point in which we found unanimity. I wanted to report that in the moment of my summation.

We can price goods out of people's reach and create another 1929 which we've not forgotten. We can force deflation in such a way as to create mass unemployment. Preferably, we can regulate prices, make more goods by labor-management cooperation, use subsidies to lower food costs, and help

us all to share in an improving standard of life. The 81st Congress will have the support of all progressive citizens behind such a program. (*Applause.*)

Mr. Denny: Thank you, Mr. Starr. Now, Senator Flanders.

Senator Flanders: In my closing statement, I'd like again to call your attention to the fact that more dollars are no good without more things to buy with them. The fundamental solution is higher production. At the same time, it is difficult because we are up against a ceiling of full employment. The answer involves good management and labor regulations, review by workers of the 40-hour week policy, tax changes which encourage the installation of new labor-saving machinery. These are the alternatives. Let us choose the hard and safe way rather than the easy and painful one of price controls.

Mr. Denny: Thank you very much, Senator. Now, Senator-elect Hubert Humphrey.

Mayor Humphrey: What should the Government do about rising prices? Why, I think the American people on November 2 gave us our orders. They want their Government to take action. Their program calls for authority to control prices. It calls for action to break bottlenecks of production. It calls for powers to allocate scarce materials, so the first things come first—homes before race tracks,

factories before night clubs. It calls for sound monetary and fiscal policies, and it means taxes to pay the bills. I, for one, think our orders are perfectly clear—the people want action. (*Applause.*)

Mr. Denny: Thank you, Senator-elect Humphrey, Mark Starr, Ralph Flanders, and Herman Steinkraus for your advice and counsel. I also want to thank the *Bridgeport Herald* for their cooperation. They helped us in booking the speakers on this program.

Now, let me remind you that you can secure a copy of tonight's program by sending 10 cents to

Town Hall, New York 18, New York.

Next week we turn to another highly controversial subject "Should There Be Stricter Government Control of Lobbies?" Our speakers will be Drew Pearson, columnist of ABC; Congressman Ralph Gwinn, Republican of New York; Irving Kaufman, former chief of the Lobby Regulation Section of the Department of Justice; and Herbert U. Nelson, executive vice president of the National Association of Real Estate Boards. So plan to be with us next Tuesday and every Tuesday at the sound of the Crier's Bell.